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ESTABLISHED 1887

Britain and Saudis Outline A Huge Base and Arms Deal

By Warren Getler
International Herald Tribune
LONDON — In what is potentially one of the largest Western arms and military facility deals ever, Britain announced on Friday that it had reached a preliminary agreement to build air bases in Saudi Arabia and to supply the Saudis with advanced jet fighters and naval vessels.

over two decades, would represent Britain's biggest export order. It would place London ahead of Washington as the principal Saudi military supplier.

Iran's Air Chief Asserts Jet Sent Civilian Signal

By Karen DeYoung
Washington Post Service
TEHRAN — The commander of Iran's Air Force says he has proof that Iran Air's Flight 655 was transmitting a signal identifying itself as a civilian airliner when it was destroyed by a U.S. missile.

Hope Abandoned for 149 Missing After Rig Blast

Compiled by Our Staff From Dispatches
ABERDEEN, Scotland — Rescuers said Friday they had abandoned all hope of finding survivors among 149 men still missing after an oil-rig blew up in the North Sea off the east coast of Scotland.



ANGER AND GRIEF IN SEOUL — Relatives of South Korean workers killed in an Iraqi air raid on an Iranian gas refinery attack an executive of the company in Seoul on Friday. Twelve South Koreans were killed and 42 were injured in the attack on June 30.

Jobless Rate Fell In U.S.

At 5.3% in June, Level Is at Lowest Point in 14 Years

By John M. Berry
Washington Post Service
WASHINGTON — Strong employment growth, particularly among younger workers, pushed the U.S. civilian unemployment rate down to 5.3 percent last month, its lowest level in more than 14 years, the Labor Department reported Friday.

The rate had risen from 5.4 percent in April to 5.6 percent in May, but analysts cautioned last month that the May figure was misleading because of seasonal adjustment problems associated with young people entering the work force at the end of the school year.

News of the drop in unemployment sent the dollar sharply higher to 1.8415 Deutsche marks in New York, and the bond and stock markets closed lower.

Kiosk

U.S. Sees Signs Red Army May Leave Hungary

By John M. Goshko
Washington Post Service
WASHINGTON — The United States has indications that the Soviet Union may be preparing to withdraw the 65,000 troops it has kept in Hungary since crushing the 1956 uprising, a senior U.S. official said on Friday.

U.S. Delays New Visas In Moscow

By Philip Taubman
New York Times Service
MOSCOW — The U.S. Embassy has temporarily stopped issuing refugee visas to Soviet citizens seeking to emigrate to the United States, a move that at present affects mainly Armenians and Jews.



Armenians, angered by the U.S. delay on refugee visas, gathered Friday at the embassy in Moscow.

Mexico Election Erodes One-Party Dominance

By Alan Riding
New York Times Service
MEXICO CITY — Even before any official returns were announced from the presidential elections here, it had become clear that for the first time in 59 years, Mexico had ceased to be a country dominated by a single all-embracing political party.

Czechs Work Busily, Making What No One Wants

By John Tagliabue
New York Times Service
PRAGUE — Somewhere in Czechoslovakia, amid towns and factories, there are warehouses. And, Prime Minister Lubomir Strougal says, they are clogged with goods worth billions of dollars, that nobody wants to buy.

Train Wreck Kills at Least 100 in India

By Steven R. Weisman
New York Times Service
NEW DELHI — More than 100 persons died Friday when a train derailed while crossing a bridge in southern India, plunging the engine and nine cars packed with passengers into a lake.

The circumstances of the wreck were still unclear on Friday night, however. A television news broadcast said that "initial reports" indicated that part of the bridge collapsed after the engine and one car had crossed.

Advertisement for Moët-Hennessy champagne. It features a bottle of champagne and text describing it as a "black velvet" wine. The text mentions that the wine is made in France and is a favorite of the French. It also includes a small table with the following information:

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Down 18.54	DM 1.8415
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JPMI 00130

AMERICAN TOPICS

A Home Computer? Fantasy and Reality

Don't buy a personal computer for home use unless you genuinely need one, advises Peter H. Lewis in the "Personal Computer" column of The New York Times. PCs are especially useful for people who do a lot of writing. Indeed, "it remains a mystery why anyone with the money to buy a computer would buy a typewriter," Mr. Lewis says. But beyond that, look before you leap.

"Fantasies: It might be neat to balance the checkbook on a computer. How clever to start a file of great Chinese recipes on floppy disk. With a computer and a typewriter, we can make all of our airline reservations electronically without talking to a travel agent. And, after all, the Joneses down the street have a PC.

"Realities: Two months later, the computer owner is balancing the checkbook in the same old way, with pencil or pocket calculator. Recipes? It turns out that it is much easier and cheaper to buy and use cookbooks. And it takes hours of learning time, plus the expense of buying a modem and subscribing to an on-line data base, to get proficient enough to book an airline ticket, which the travel agent does more efficiently in minutes at no charge. And after all, the Joneses don't use their computer either.

In brief, "If the rationale for buying a computer is clear, there is less of a chance that the machine will wind up in the closet."

Short Takes

A program to develop an artificial heart will be continued after all by the National Institutes of Health. Yielding to congressional pressure, it reversed a decision announced in May to drop the program, which has cost U.S. taxpayers an average \$10 million a year over the past 24 years. The goal is to develop a pumping device that would be entirely im-



DRAG MILLS/The Associated Press. CAPS AHOY — Marshal Sergei F. Akhromeyev, chief of the general staff of the Soviet armed forces, prepares to don a cap from the Theodore Roosevelt presented to him by Admiral William J. Crowe Jr., chairman of the U.S. Joint Chiefs of Staff, on the aircraft carrier off the Virginia coast.

planted in the body. Current artificial hearts require bulky external power sources. Insitute officials say a self-contained artificial heart will not be ready for clinical testing for 10 to 15 years, if ever.

When Bessie Dinkins of Carson, California, asked for an unlisted telephone number, she was given one that had previously been used by the police department of nearby Gardena. She estimates that in the past year more than 1,000 people have phoned at all hours to report crimes and other woes. But Mrs. Dinkins, 52, is an ordained Baptist minister. "Every time I decide to get rid of that number, somebody will call me that I'm really able to help," she said. She has long since decided to keep the number.

The port of Norfolk, Virginia, has almost pulled even with Baltimore in general cargo tonnage and may pull ahead this year. For generations, Baltimore was the leading port of the Middle Atlantic states. Ships changed the same to haul a ton of freight across the Atlantic, whether it

went to Norfolk or Baltimore, and Baltimore was 200 miles (320 kilometers) closer to the manufacturing and consuming centers of the Ohio Valley, making overland transportation that much cheaper. But while overland freight rates have been de-regulated, blunting Baltimore's competitive edge, ship rates now tend to vary with distance — and Baltimore is 200 miles (320 kilometers) farther up Chesapeake Bay than Norfolk. Last year, Baltimore moved 5.2 million tons of general cargo, down from 5.4 million two years earlier. Norfolk moved 5.1 million tons last year, up from 4 million in 1985.

When Mary Borunda, 44, of Joliet, Illinois, was charged with soliciting a gunman to shoot her fifth husband, Joe, 59, he posted her \$1,000 bail bond and she put an ad in the Joliet Herald-News reading: "Happy fourth anniversary 6-29-88 to my wonderful husband Joe Borunda. I'll love you always. Your wife Mary." Said Detective Dan Hulbert, "Go figure."

Arthur Higbee

U.S. Military Gets Mission In War on Drug Traffic

Pentagon Case Reaps Security Dilemma

By Susan F. Rasky

WASHINGTON — House and Senate negotiators have agreed on a compromise \$299.6 billion military budget bill that carves out a specific role for the military in tracking drug smugglers.

The measure backed Thursday also reverses Reagan-administration priorities on several key weapons systems, including the system to defend against attacking missiles.

The overall amount budgeted, in past years a source of bitter fights within Congress and between Congress and the administration, was not at issue this year because it was agreed on as part of budget negotiations last year between the White House and Congress.

The bill sets broad guidelines for eventual spending and policy priorities for the military. The financing for specific programs and weapon systems are set in a separate appropriation bill, which has passed the House and is awaiting action by the full Senate.

Although House and Senate negotiators agreed Thursday to assign the military the mission of tracking smugglers attempting to bring illegal drugs into the United States by boat or plane, the compromise measure essentially scraps the much broader role that originally the House and Senate had originally sought for the armed forces.

Both chambers had recommended, for example, that members of the military be permitted to make drug arrests. The House had sought to have the military seal American borders to all drug traffic.

The measure allows up to \$300 million to be spent on anti-drug operations by the military. "While previously the armed forces have provided assistance to drug-enforcement agencies, they have done so only as an adjunct to other military duties.

The conferees, responding to election-year pressure, said it was time to give the armed forces a specific mission in the war against drugs.

The conferees agreed to provide \$4.1 billion for the missile defense program, an increase of \$125 million, or 3.2 percent over last year, which the House Armed Services Committee said was basically enough to cover inflation. President Ronald Reagan had sought \$4.9 billion for the program.

In addition, the conferees reversed administration priorities for how the money should be spent by stipulating that no more than \$85 million could be devoted to the space-based program for intercepting missiles. The administration had requested \$330 million for this program.

The conferees also stipulated that at least \$575 million be spent on research for the parts of the equipment program to be based on the ground, such as lasers.

One of the major differences in the House and Senate versions of the measure was spending for the competing Midgeman and MX missile programs.

The administration, which favors a mobile MX missile on rail, had requested \$793 million for that program and only \$200 million for development of the Midgeman favor by House Democrats.

The Senate bill essentially mirrored the administration priorities, while the House bill reversed them, providing almost no money for the MX.

The conferees agreed to avoid a decision by allotting each program \$250 million, which would be sufficient to keep both possibilities alive.

An additional \$250 million will be held in reserve so that the new president can decide next year which program to move forward.

Other features of the compromise include a 4 percent pay raise for the uniformed military. Also, one long Poseidon ballistic missile submarine will be retired from service and another withdrawn from service in order to maintain limits on the number of strategic weapons launched established by the never-raised SALT-2 Treaty.

By Richard Halloran

New York Times Service. WASHINGTON — As the Defense Department begins to move against military contractors touched by unfolding accusations of fraud and bribery, it is confronted with a troubling question: How far can it go before it interrupts the flow of equipment vital to forces in the field?

"We're looking at a potentially serious gridlock on national security," the chairman of the House Armed Services Committee, Les Aspin, said in a hearing last week.

If military contractors are punished, Mr. Aspin said, weapons could become more costly and delivered late. If they are not punished, they will have been rewarded for misconduct, he added.

At issue are contracts that may have become tainted because the winner of a contract competition obtained inside or secret information through illicit or unethical means.

For instance, a team of the McDonnell Douglas Corp. and the General Dynamics Corp. won a contract in December that would eventually have them build 450 advanced tactical aircraft, or A-12s, for the navy. The loser was a team led by the Grumman Corp. that included Northrop Corp. and LTV Corp. The order for the carrier-based bombers may ultimately be worth \$45 billion.

One search warrant, for McDonnell Douglas's St. Louis office, sought "information obtained from government officials" that had been unavailable to the public.

Investigators were looking for "information relating to the advanced tactical aircraft program," including data on the "best and final offer" on price.

McDonnell Douglas has asserted that all information pertaining to its bid was obtained properly.

In a memo to employees working on the program, a senior McDonnell Douglas official said the team had "won the A-12 competition fair and square and, we think, by a large margin."

By Richard Halloran

If, however, in a purely hypothetical case, McDonnell Douglas is found to have obtained information illicitly, the Defense Department could void the contract and reopen it for bidding, a time-consuming and costly process.

Or it could declare the choice valid, which could lead Grumman and its partners to sue, another time-consuming and costly process.

McDonnell Douglas also could be barred from further government work, which would hamper deliveries of F-15 fighters to the navy, Harrier jets to the Marine Corps and F-15 fighters to the air force.

Or the Pentagon could punish McDonnell Douglas executives individually, which would have less effect.

In all, a delay of a year or more in executing the contract, plus the loss of government and company money already spent, is plausible.

After warning about possible weapons procurement gridlock, Mr. Aspin leaned toward the idea of punishing the companies in a letter to Defense Secretary Frank C. Carlucci last week.

He urged the Pentagon to hold up, for six to eight weeks, issuing contracts for programs "under a cloud."

"We must make clear to the public," Mr. Aspin wrote, "that we are moving with speed and firmness to protect the public's interest and to assure that no firm can profit from ill-gotten gain."

Possibly influenced by Mr. Aspin's letter, Mr. Carlucci announced last week that he had frozen contract negotiations on nine

By Richard Halloran

programs worth almost \$1.7 billion and had placed under review the contracts of four companies.

Mr. Carlucci said he would act on them when specific evidence was made public in court documents.

But the defense secretary indicated that he was aware of the dilemma he faces. "Clearly anything that slows down the process of producing defense equipment or requires us to reopen contracts has an impact on our ability to get equipment in the field," he said.

He said, however, that the suspensions announced last Friday would not seriously hamper military readiness.

The chief spokesman for the Pentagon, J. Daniel Howard, told reporters this week that "it's a till-further-notice situation."

But he left an opening to reverse the suspensions, saying that there "is no judgment of ultimate innocence or guilt in freezing these contracts."

Mr. Howard added, "We did not have to go to trial and conviction in order to take this step, nor do I think it would be essential that we go through trial and conviction in order to unfreeze a contract if, as the evidence unfolds, it's clear they're not involved."

By Richard Halloran

to another hypothetical example, the navy awarded a contract last week to Newport News Shipbuilding to build two 90,000-ton aircraft carriers for \$3.7 billion over 10 years.

Newport News has not been mentioned in the procurement scandal.

But if it were found guilty of impropriety, the navy would have little choice but to continue the contract. Newport News is the only shipyard in the United States that can build these warships.

Similarly, only two shipyards — Newport News and Electric Boat — have the technical skills and trained labor to build nuclear-powered attack submarines. If one were barred from business with the Pentagon, the other would have no competition.

In that case, said a memorandum written by an aide to the Armed Services Committee, "the result would likely be lower costs in the future."

Each year, the Pentagon awards 250,000 contracts, many for relatively small sums in an arena where the total annual expenditure is nearly \$300 billion.

As court documents have shown, many allegations of fraud involve companies with small contracts.

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Lee Elected to Chairmanship Of Taiwan's Nationalist Party

By Susan Chira
New York Times Service

TAIPEI — In a move that could bolster Taiwan's drive toward democracy, President Lee Teng-hui won the powerful post of chairman of the governing Nationalist Party on Friday at a convention that will test the party's commitment to further change.

Mr. Lee, the first native-born Taiwanese president and ruling party chairman, ranks high in public opinion polls and is thought to back reforms, but needed the chairmanship to consolidate his authority in a party where conservatives born on mainland China still exercise considerable power.

Yet young legislators impatient with the pace of reform protested that Mr. Lee should have been elected by secret ballot rather than by acclamation — yet another sign of the political ferment consuming Taiwan and its governing party.

Since last July, the government has ended its 38-year state of martial law, allowed its people to visit relatives and send mail to the mainland, eased restrictions on the press, lifted bans on street demonstrations, and weathered the end of a family dynasty when President Chiang Ching-kuo died Jan. 13.

At the party congress — the first in seven years — delegates are de-

bating not only the future of democracy in Taiwan, but the political survival of the Kuomintang, or Nationalist Party, which has ruled this country since General Chiang Kai-shek fled here with his followers after losing control of the mainland to the Communists in 1949.

For Taiwan, the outcome of this gathering could be as critical as the Communist Party meetings last week in Moscow and last fall in Beijing. Here, too, a Leninist-inspired party — the Nationalist Party constitution was written by a Soviet adviser in 1924 — is trying to revamp its structure as well as gain support for democratic reforms.

"This is a very, very important congress for the Kuomintang," said Jaw Shau-kong, leader of the party's young liberals. "We have to meet public expectations."

Yet Antonio Chiang, publisher of *The Journalist*, Taiwan's leading political magazine, cautioned that the most important changes at the congress might well be of people, not policies. "The most important thing is to get as much new, strong blood inside the party as possible," he said.

Both the old and new guard made prominent appearances Friday, the first working day of the party convention. Mrs. Chiang Kai-shek, the former president's widow and symbol of the party's past, emerged from seclusion to praise the Nationalist Party's "glorious history" and recount her memories of the party's first national congress in 1924. Wearing a traditional, floor-length black and white dress, her jet-black hair in a bun, Mrs. Chiang walked onto the stage leaning on the arm of an aide and carrying a cane. Mrs. Chiang, who is believed to be more than 90, offered greetings in a clear, strong voice and then sat straight in her chair as a party official read her speech.

She sat under a huge gold-framed portrait of her brother-in-law, Sun Yat-sen, (1866-1925), the founder of the Nationalist Party and the first president of the Republic of China after the 1911 revo-

lution. She stared straight ahead at the painting of her late husband, Taiwan's first president. To her right hung a portrait of her stepson, the late president.

While Mrs. Chiang avoided any direct endorsement of Mr. Lee — whose appointment as acting party chairman and president she had initially opposed — her presence represented a tacit endorsement and another sign of his acceptance by the party's old guard. Then she left to a standing ovation, waving a white handkerchief.

As the party reflected on its past, young legislators called for more changes to protect its future. In an open display of dissent that would have been unthinkable at past congresses, Mr. Jaw delivered an impassioned speech urging his party not to fear change and set a democratic example by allowing delegates to vote for the chairman's post in private.

The delegates elected the chairman by rising to their feet and applauding. To register their protests, Mr. Jaw and a handful of other delegates — eight out of more than 1,184, by official tally — stood and then sat down.



Mrs. Chiang Kai-shek waved goodbye Friday to delegates at the Nationalist Party congress in Taipei.

Teachers Demonstrate In Brazil; 31 Injured

Agence France-Press

RIO DE JANEIRO — Hundreds of police used tear gas and truncheons Thursday to disperse about 1,000 striking schoolteachers here, local radio stations reported. At least 31 people were injured and three were arrested.

Union leaders called the incident "arbitrary and violent." A police spokesman defended the action, saying some of the strikers were identified as supporters of the leftist Workers United Central labor federation. The teachers went on strike June 18 to demand salary increases.

Sihanouk Gains Strong Backing of U.S.

By Don Oberdorfer
Washington Post Service

BANGKOK — The United States gave renewed verbal and symbolic backing Friday to Prince Norodom Sihanouk, the Cambodian resistance leader, as Southeast Asian nations pressed for stronger measures to build up Prince Sihanouk as the best hope for a non-Communist future in Cambodia.

Secretary of State George P. Shultz, in a meeting with Prince Sihanouk, presented him with a letter of support from President Ronald Reagan and invited the prince to visit Washington in the fall.

Mr. Shultz called for continuing "strong support for Prince Sihanouk and the non-Communist elements" of the Cambodian resis-

tance. Mr. Shultz added that the groups "represent the political alternative to the Vietnamese occupation and the Khmer Rouge."

Foreign ministers of the Association of South East Asian Nations, who have been meeting in Bangkok this week, have pressed the case for building up Prince Sihanouk politically and militarily to compete with rival Cambodian Communist groups, namely the Vietnamese-backed government of Phnom Penh and the Chinese-backed Khmer Rouge guerrillas.

The government of Phnom Penh is estimated to have about 30,000 troops backed by 125,000 Vietnamese troops. Hanoi has pledged to reduce its contingent in Cambodia

by 50,000 this year and to complete its withdrawal by 1990.

The Khmer Rouge is estimated to have about 40,000 fighters. Prince Sihanouk's force is estimated to have about 15,000 troops, and a smaller, non-Communist group about 4,000.

Following his meeting with Mr. Shultz, Prince Sihanouk emphasized the need for an international peacekeeping force in Cambodia once a negotiated settlement has been reached.

A U.S. official who participated in the meeting between Mr. Shultz and Prince Sihanouk said that United States backed the general concept of a peacekeeping force.

The discussion of peacekeeping

arrangements, including an international presence arranged by the United Nations or some other body, is likely to be a key test of sincerity in negotiations over a political settlement, a U.S. official said.

In the past, both the Phnom Penh regime and the Khmer Rouge have opposed the concept of an outside presence, which could interfere with their own military operations.

The peacekeeping force may well be one of the first issues to be discussed at a meeting, set to begin in Jakarta on July 25, among the Cambodian factions, Vietnam and others nations. The meeting is seen as a first step toward a settlement of the nine-year Cambodian war.

Troops Leave Yerevan But Strike Continues

Reuters

MOSCOW — Troops and tanks have been pulled out of Yerevan but local sources said a general strike in the capital of the Armenian Republic was still going on and the press reported similar stoppages elsewhere in the republic.

A journalist of the Armenian news agency Armenpress said by telephone from Yerevan that the troops, who were sent in with tanks and armored personnel carriers to quell clashes earlier in the week, were pulled out Thursday.

"There have been no troops in the city since yesterday morning," the journalist said. He also denied reports that a 10 P.M. curfew had been placed on Yerevan.

But he said the strike, called Monday to protest the status of the Azerbaijani territory of Nagorno-Karabakh, was still going on, although public transportation was now running for the first time in four days.

On Thursday evening, the government newspaper *Izvestiya* reported that the strike had spread across Armenia.

The Communist Party newspaper *Pravda* on Friday quoted local authorities in the town of Kirovakan, north of Yerevan, as saying that 70 percent of enterprises there were working.

And in nearby Dilizhan, *Pravda* said, factory workers held meetings Thursday before deciding against going on strike.

"After expressing support for the demands expressed in Opera Square, the Dilizhan people still decided to work."

Opera Square in Yerevan has been the center of demonstrations and meetings since the Nagorno-Karabakh issue flared five months ago. Up to a million people took part in protests in February without any reports of violence.

The worst violence in the dispute occurred in Yerevan this week after a clear indication from Moscow that it was not prepared to accede to demands that Nagorno-Karabakh, a predominantly Armenian enclave of Azerbaijan, be transferred to Armenian administration.

port of a strike there that prevented planes from landing or taking off for two days. On Tuesday, troops were sent in to eject the demonstrators, who responded with stones and bottles.

Official reports say 36 persons were injured in the airport clashes, and a 22-year-old man died in related violence on the main road leading to the airport.

The Armentpress journalist said meetings were taking place Friday on Opera Square, which was reopened to the public Thursday after being sealed off by troops the previous day. He gave no indication of the numbers of people involved.

House Unit Urges Impeachment of U.S. Court Judge

Washington Post Service

WASHINGTON — A House subcommittee has voted unanimously to recommend impeachment of U.S. District Court Judge Alcee L. Hastings, charging that he solicited a bribe, lied about it and leaked confidential information.

The House Judiciary subcommittee on criminal justice on Thursday referred to the full committee 17 articles of impeachment finding against Judge Hastings on every issue the panel considered in its hearings. The final articles charge that he allegedly solicited the enumerated "high crimes and misdemeanors," he undermined "confidence in the integrity and impartiality of the judiciary and betrayed 'the trust of the people of the United States.'"

Judge Hastings, 51, was acquitted Feb. 4, 1983, of conspiring to solicit a \$150,000 bribe from two racketeers convicted in his courtroom in exchange for returning \$846,000 in forfeited property and reducing their sentences.

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AKER NORCEM

AKER NORCEM is one of Norway's largest industrial groups with total sales in 1987 of NOK 13,000 million and net profit of NOK 474 million. Over 18,000 employees are engaged in core business activities ranging from production of cement and heavy building materials, civil engineering and construction to off-shore fabrication services and property development. In 1987 the group's activities were expanded through the merger with Norema, one of Scandinavia's largest furnishings and fittings companies. More recently Aker Norcem purchased the UK's second largest cement producer, Castle Cement, in a joint venture with Euroc.

Aker Norcem has continued to focus on greater internationalization in 1988, extending its operations throughout the European Community and into the USA.

ALCATEL

Alcatel is a global communications systems corporation that began operation in January 1987. Formed from the merger of the communications activities of the French Compagnie Generale d'Electricite (CGE) and the USA's ITT Corporation, Alcatel has recorded sales of ECU 11.2 billion (approximately \$13 billion) for the 12 months ended December 31, 1987.

The corporation has over 130,000 employees worldwide serving customers in 110 countries, with major manufacturing plants in 21 countries. Alcatel's activities cover all the latest developments in communications systems — digital switching, handling and undersea optical transmission systems, satellite payloads and ground stations, microwave systems, cellular radiotelephony, ISDN (integrated services digital networks), cables and business communications systems.

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Dubois Investissements

The Dubois Investissements — Castorama Group, France's leading DIY supplier and retailer reports the following figures for 1987:

- Consolidated sales (incl. VAT) up 16% to 5.514 billion francs;
- Net income before tax and exceptional items, 85.7 million francs, against 64.2 million francs in 1986. Group share in income was up 40% to 47.5 million francs.

The Group expects further growth in 1988, with a sales target approaching 6.600 billion francs, and it plans to expand elsewhere in Europe, opening a first store in Italy.

ESSILOR

Essilor is France's leading ophthalmic products manufacturer and ranks among the top three worldwide in its speciality.

Its production and distribution activities are squarely focused on products designed to improve human vision.

Essilor's considerable international presence is reflected in the 68% of sales it achieves outside of France.

HOECHST

Hoechst is one of the leading chemical companies in the world and its history of success spans a period of 125 years. A significant step was the acquisition of the American company Celanese Corporation in 1987, which enabled Hoechst to expand substantially its position in the world's largest chemicals market.

In 1987 net income of the Hoechst Group increased by 16 percent to DM 1.5 billion. Sales amounted to just under DM 37 billion, 11.2 percent more than in the previous year.

Expenditure on research exceeded DM 2.2 billion, some 14,000 people in 14 countries work in our research laboratories. Hoechst has around 168,000 employees worldwide.

Hoechst has got off to a very good start in its anniversary year 1988. In the first quarter 1988 sales and profit again showed an encouraging increase. Group sales reached DM 9.18 billion (+14.8 percent), Group profit before taxes rose to DM 820 million (+19.5 percent).

SKANSKA

Skanska is one of Europe's leading civil engineering and building contractors. The centenary year 1987 was a successful year for Skanska. Contracting operations were once again profitable. There was a sharp rise in capital spending on investment properties initiated during the period. The Skanska Group reports 1987 revenues of SEK 19,631 M and income before allocations and taxes of SEK 1,645 M. Revenues from outside Sweden amounted to SEK 2,262 M. Adjusted earnings per share were twice their 1986 level. The Group's income from contracting operations etc after depreciation improved sharply to SEK 524 M (+12).

SOLVAY

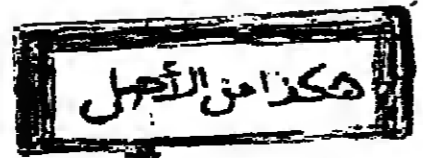
Solvay, founded in 1863, is the 2nd largest Belgian Company and ranks among the top 10 chemical companies in Europe. It operates through 130 subsidiaries spread over 32 countries and has 45,000 employees. Group sales amounted to more than \$6.552 billion in 1987. Its activities extend from basic chemicals (alkalis, salt, chlorine, peroxides) to plastics, pharmaceuticals and biochemistry.

THYSSEN THYSSEN AG

In 1986/87 Thyssen again showed good overall development. As a producer and trader the Germany-based company is successfully engaged in the business of materials, components and systems. Thyssen is the largest private steel-maker in Europe. It is an international specialist in industrial, ready-to-install components. Thyssen also offers complete industrial system solutions worldwide, e.g. in transportation, in environmental and in manufacturing technology. External sales in fiscal 1986/87 amounted just under DM 27 billion. A work force of 123,000 is employed in over 60 countries around the world.

VEBA

VEBA is one of Germany's leading companies. Fully privatized since March 1987, it is a broadly based industrial and service organization working in four major areas of activity: electricity, oil and gas, chemicals, and trading and transportation. Total external sales in 1987 were DM 40.1 billion. Group net income rose once more and is now DM 943 million. Earnings per share have almost doubled since 1983. Plans are to invest DM 20 million during the next five years. VEBA has 74,000 employees and some 600,000 shareholders.



هكذا من الأهل

EUROPEAN TOPICS

Telephone Charges Differ Greatly in EC

Charges for telephone services differ greatly within the European Community, according to a survey by the Bureau of European Consumers' Unions.

highest court, has upheld the right of five women to claim equal pay for equal work.

The case was brought by five women employed at Freemans, a mail-order company in Peterborough, northern England.

Freemans opposed the claim, pointing out that the sole male doing the same work as the women was getting the same wage.

A call from Brussels to Paris costs 30 percent more than one from Paris to Brussels.

The waiting time for a new telephone line ranges from less than two weeks in France to up to three weeks in Greece.

The bureau, saying the "scandalous" discrepancies showed "substantial monopoly profits" could be made in certain countries.

Equal Pay Victory For British Women

The House of Lords, Britain's

nonbals, fittings and other artifacts are expected to be recovered — enough to stock museums in France, Alabama and Liverpool, where the ship was built.

Italy's "industry of crime" has reached such proportions that its yearly revenue represents 12 percent of the country's gross national product.

"Eau de Cologne" now has a rival: "Eau de Bonn." Bonn is getting ready for its 2,000th anniversary next year.

Around Europe

French divers are surveying the wooden hull of the Confederate raider Alabama, which lies in 190 feet (about 60 meters) of water off Cherbourg, France.

The bureau, saying the "scandalous" discrepancies showed "substantial monopoly profits" could be made in certain countries.

Sytske Looijen

Arafat's Men Evacuate Beirut Camp After Defeat

By Ihsan A. Hijazi

BEIRUT — Yasser Arafat lost his last stronghold in Beirut on Friday when his followers were forced out of the Burj al-Brajneh camp.

More than one hundred Arafat loyalists were evacuated from the shantytown in the city's southern outskirts after two months of heavy fighting with their opponents.

There were emotional scenes when the combatants emerged at dawn from their shelters in the now demolished camp.

At Ain al Helweh, where thousands of followers of Mr. Arafat are entrenched, guerrillas fired their machine guns and rocket-propelled grenades in the air to greet their comrades in arms.

Friday was a repeat performance of what had happened June 27 when 120 Arafat supporters were evacuated from the neighboring Chatila camp to Ain al Helweh.

The Israeli Army and a surrogate Lebanese militia control a 6-mile wide and 50-mile long enclave which the Israelis call their "security zone."



Yasser Arafat's guerrillas leaving the Burj al-Brajneh refugee camp Friday.

The present term for the 5,800 men of the force known as UNIFIL is due to expire later this month.

The officials pointed out that with more than 5,000 guerrillas entrenched in South Lebanon, it would not be easy for the Lebanese government to press for total Israeli withdrawal from the area.

The Israeli Army and a surrogate Lebanese militia control a 6-mile wide and 50-mile long enclave which the Israelis call their "security zone."

guerrillas from Lebanon. The evacuation from Beirut has rekindled an old feud between Syria and the PLO.

Syria's highest-ranking officer in Lebanon, Brigadier General Ghazi Kanaan, has charged that Mr. Arafat started the clashes in the Beirut camps to disrupt preparations for the election of a new Lebanese president.

The Lebanese parliament is due to meet soon to choose a successor to Mr. Gemayel whose six-year term in office expires late in September.

The acrimonious exchanges have destroyed a recent rapprochement between the PLO chairman and the Syrian president, Hafez al-Assad.

Syria had thrown its weight behind Colonel Abu Musa when he broke away from Mr. Arafat in 1983 and set up his own movement which he called el-Fatah Uprising.

Three Israelis have also been killed and hundreds of others injured by buried rocks, bottles and firebombs.

Israel Plans Expulsion Of 10 More Palestinians

By Glenn Frankel

JERUSALEM — Israel announced Friday plans to expel 10 more Palestinian activists for their alleged involvement in instigating the Arab uprising in the occupied West Bank and Gaza Strip.

The army said the 10 men, six from the West Bank and four from Gaza, have played important roles in the outlawed Palestinian organizations that have gradually taken over direction of the uprising.

The uprising began in December as a spontaneous explosion of popular discontent but has evolved in recent months into a highly organized campaign of attrition.

Expulsion is one of Israel's most controversial punishments and it has been condemned as a violation of Geneva Convention rules by both the United States and the United Nations Security Council.

Israel has expelled at least 20 Palestinian activists this year and has also deported a Palestinian-American, Mubarak Awad, a civil disobedience advocate from Arab-populated East Jerusalem whom it accused of helping organize the uprising.

Also Friday, a Palestinian man was shot dead and another wounded in a confrontation with soldiers in the West Bank village of Tubas.

Expulsion is considered the barest of several punishments that the army has used in seeking to grind down the uprising, in which at least 215 Palestinians have been killed and at least 5,250 wounded by gunfire, rubber bullets, beatings or tear gas, according to UN statistics.

Three Israelis have also been killed and hundreds of others injured by buried rocks, bottles and firebombs.

PLO Links Seized American to Rescue Plan

The Associated Press

BEIRUT — Lieutenant Colonel William R. Higgins of the U.S. Marines Corps was planning a mission to rescue nine American hostages before he was abducted by pro-Iranian forces, a Beirut paper said Friday, quoting a PLO official.

rescue plan during interrogation by his captors. Ad Diyar said, quoting Bassam Abu Sharif, a spokesman of the Palestine Liberation Organization.

group attached to the United Nations force in Lebanon when he was seized Feb. 17 near Tyre. A pro-Iranian Shiite group claimed responsibility, asserting that the colonel was a CIA operative.

Colonel Higgins divulged the

AMER GROUP LTD logo and text: Amer Group is a Finnish marketing oriented multi-business corporation listed on the Helsinki and London Stock exchanges.

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CERUS logo and text: The De Benedetti Group's French holding company has interest in the automotive equipment (Valeo), financial information (Dafsa) and financial services (Duménil Leblé and Société Financière de Genève) sectors.

AMER GROUP AMERISTIMA 1987-88 logo and text: Amer Group is a Finnish marketing oriented multi-business corporation listed on the Helsinki and London Stock exchanges.

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lyonnaise des eaux logo and text: The Lyonnaise des Eaux group employs 37,000 people working in local communities on five continents.

PEUGEOT SA logo and text: The PSA group, one of France's leading industrial groups and first French exporter in 1987 with foreign sales amounting to F.Fr. 60 billion.

RHÔNE-POULENC logo and text: Rhône-Poulenc is the 9th largest chemical company in the world. In 1987, consolidated net income rose to 2,360 billion French francs.

SANOFI logo and text: SANOFI is one of the youngest of the major French-based international corporations. 1987 sales (including Yves Rocher) totaled FF. 17 billion.

VIAG AG logo and text: VIAG is an industrial corporation working in three major areas of activity: energy, aluminum, and chemicals.

LVMH logo and text: LVMH Moët-Hennessy Louis Vuitton is the world's leading luxury products group. Its prestige brands include: Dam Pérignon, Moët & Chandon and Veuve Cliquot champagnes.

Herald Tribune logo and text: Mail this coupon or send telex to: Matthew Greene/International Investor X International Herald Tribune.

ARTS / LEISURE

Perils and Triumphs of a New Auction Firm

International Herald Tribune GENEVA — It takes guts to set up a new auction house in the current climate of ruthless competition and frenetic search for goods to sell.

where nearly all paintings are signed, names are often enough in help even the most mediocre work.



Gallé's virtuoso piece of decorated glass, "Feuille de rhubarbe."

intervals. Eric Turquin of Paris bought a still life done by Jan Weenix in 1710 for a mere 16,500 Swiss francs.

to the Musée des Arts Décoratifs 1903 exhibition, one year before his death. In 1979, it had already set a record for Gallé at Christie's in Geneva when it was sold for 407,000 Swiss francs as part of the Russell Bodé collection.

Souren Melikian des Bergues on Sunday night, his expression conveyed both relief and concern reflecting the mixed result of a very mixed sale.

A sale such as this offers those with flair the ideal context in which to make coups. Big dealers do not bother to make the trip and there are always two or three gems from private sources that have not been thoroughly researched.

55,000 Swiss francs. "Mattia Preti?" an expert was overheard asking wonderingly after the sale.

subject, with its receding planes and highly naturalistic rendition of vegetation, is highly advanced for its time.

The difference could not be greater with the earlier and brilliant sale of Art Nouveau glass by Emile Gallé, also by Habsburg, Feldman.

The Musée d'Orsay in Paris bought another historic piece, a jug inspired from ancient Roman glass on which Gallé comments in his "Ecrits pour l'Art."

The new mood is to be confined to Italy. In West Coast, Edouard Reuter has announced and transformed it into a ranking automaton to a 1980-year high-technology culture.

On the eve of the first night of this revival of Elijah Moshinsky's 1977 production, Buchner fell ill and was replaced by the Canadian Paul Frey.

There were real bargains at wide intervals. Eric Turquin of Paris bought a still life done by Jan Weenix in 1710 for a mere 16,500 Swiss francs.

There were real bargains at wide intervals. Eric Turquin of Paris bought a still life done by Jan Weenix in 1710 for a mere 16,500 Swiss francs.

Habsburg says that financial results are good. He claims a net "in excess of 30 million Swiss francs" for the three months of spring sales.

Habsburg says that financial results are good. He claims a net "in excess of 30 million Swiss francs" for the three months of spring sales.

Tenors Outnumber Swans in London 'Lohengrins'

By Henry Pleasants LONDON — One of the hoariest jokes in the annals of opera has a tenor at the close of a performance of "Lohengrin" asking loudly when the swan fails to turn up for the return journey to Monsalvat: "When does the next swan leave?"

Garden, these last few weeks, it has been the other way around, i.e.: "When does the next Lohengrin arrive?"

include Lohengrin in his repertoire at this time, and offered to appear in two opera concerts as consolation — which he did.

Studer and Gabrielle Schnaut, the Bayreuth Elsa and Ortrud, also on hand. They were replaced later, as scheduled, by Mechthild Genssendorf and Eva Randova.

It is strongly cast throughout, and Bernard Haitink, in his farewell to Glyndebourne before moving on to Covent Garden, conducts the London Philharmonic Orchestra with a solicitude for his singers that allows one to relish Desdem's exemplary projection of Boito's Italian text.

Further performances of "Falstaff": July 10, 12, 15, 17, 20, 22, 24, and 28 and Aug. 1, 4, 9 and 12.

No New-Music Angst in Sound Space Ark

By Allan Kozinn New York Times Service NEW YORK — The closest American equivalent to Sound Space Ark, the Japanese new-music

quintet, is the original lineup of Tashi. Both groups were formed in the early 1970s and brought together an odd but flexible combination of

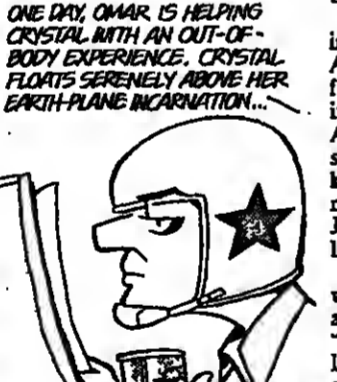
instruments, and both had a fascination with the music of the Japanese composer Toru Takemitsu.

to explore individual sounds rather than phrases (and does so by giving every note and chord a timbre distinct from that of its predecessor while keeping the rhythm steady and unvaried).

Radameses also were numerous — Nicola Martinucci, Carlo Cuscia and Giorgio Merighi — as were Americeas — Cleopatra Ciurca, Adriana Porta and Veneta Ianeva.

By welcome contrast, all went smoothly and happily in Sir Peter Hall's new production of Verdi's "Falstaff" at Glyndebourne, with Claudio Desderi in the title role.

DOONESBURY



INTERNATIONAL ART EXHIBITIONS

GIVERNY CLAUDE MONET MUSEUM IN GIVERNY THE HOUSE - CLAUDE MONET'S GARDENS THE WATER-LILY POOL From Tuesday to Sunday, 10 to 6 p.m. for the gardens, 10 to noon and 2 to 6 p.m. for the House. Closed Monday including August 15.

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"ART EXHIBITIONS" "ANTIQUES" "AUCTION SALES" "COLLECTOR'S GUIDE" appear on SATURDAY

LONDON LEFEVRE GALLERY 30 Bruton Street, W1. 01-493-2107. PICASSO Works on Paper, Barcelona, Blue and Pink Periods. Until July 22. Mon.-Fri., 10-5; Sat., 10-12:30

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AUCTION SALES

VENTE AUX ENCHERES PUBLIQUES par le Ministère de MM. les Commissaires-Priseurs agréés du Crédit Municipal de Paris. Tuesday 19th July 1988 at 3 pm - Paris - Drouot Richelieu - room 5 HIGHLY IMPORTANT JEWELS Important Diamond Necklace designed as two rows of graduated brilliant-cut diamonds enclosing a raised band of graduated square-cut diamonds. Signed by Harry Winston. Total Weight of the 294 diamonds: 136.14 carats. Formerly the property of the Marquise de Baroda. Public showing: Monday 18th July from 11 am to 6 pm & Tuesday 19th July from 11 am to 12 noon (locked display cases) - HOTEL DES VENTES - 9 RUE DROUOT 75009 PARIS. Private showing: by appointment only Monday 11th July, Tuesday 12th July and Wednesday 13th July. Tel.: (1) 42.61.54.63. For all information and catalogue: Françoise CAILLES Expert-joaillier près la Cour d'Appel de Paris Membre du Syndicat Français des Experts Professionnel en Œuvres d'Art et de Collection 10, rue Richempane 75001 PARIS - Tél. (33-1) 42.61.54.63 and 42.60.03.17 Jean-Norbert SALIT Expert-joaillier Membre du Syndicat Français des Experts Professionnel en Œuvres d'Art et de Collection.



Portrait of an officer that sold for 55,000 Swiss francs in Geneva.

Dining Out CANNES COLONY CLUB - Night club Near to Palm Beach Casino GENEVA RAFFAÏN & HONORINE The American press has made us famous. Dishes, pastries & traditional cooking. PARISS 5th LA PETITE CHAISE Delicious cuisine of the highest standard in Paris. Menu 115 Fr. Daily 36 Fr. de Genève. (1) 42.22.13.25. THOUILLERIE Specialties of the South-West. Confit de canard & cassoulet au crû de canard. Menu 79 Fr. de St-Denis. (1) 47.05.97.25. PANTAGRUE Traditional cuisine. Specialties, warm foie gras with blueberries and Portagruel. Quail, 20 Fr. de l'Épicerie, Paris. Tel. 45.51.79.96. PARISS 8th LE BISTROT D'ARMAND Between the Ch. Byrdes & Rte. St-Hippolyte. Bistrot BARDON & his team will receive you in an intimate & cordial setting. Gastronomic cooking (French) 0 to 100 Fr. daily special. Nice dining room & reception room seating 30 for business meals. 5 Fr. de l'Épicerie, Paris. 42.25.61.67. (1) 42.25.61.67. PARISS 15th LA TIGRE BLANCHE - KOSHER Excellent French cooking. Both Dns. Refined setting. Reservation for holidays. 16, R. Liotard (75015) Tel. 42.75.59.90. PARISS 16th LE PRESBOURG Treasures of the sea. Seafood, fish, crayfish. Reg. cook. Warm Arc. d'Intérieur. Terrace. Menu of 192 Fr. à la carte. Dly. Open stop 11 a.m. 5 Avenue Grands-Boulevards. 43.00.24.77. AU HAMEAU D'AUTEUIL Traditional cooking. Fish specialties. Flow-ered terraces on pleasant square in the 16th district. 5, place de Barcelonne. Paris. Tel. 45.27.42. PARISS 17th GOLDENBERG WAGRAM Swish cooking - Russian - Cream cheese baked and low homemade - Cheese cake & all the best. Swish spec. 69 Av. de Wagram. Tel. 42.27.54.79. Every day up to midnight. VENISIA KERVANSARAY Turkish & Int'l specialties. Ideal bar, best seafood restaurant. 1st floor, Matheran. 9. Tel. 51.28.64. Air conditioned. 10 m. Opera. Non-3 p.m. & 6 p.m. - 1 a.m., except Sunday. Open holidays. PARIS 1st PRUNIER-MADELEINE 9, rue Dupleix, Tel.: 42.60.36.04. Everyday. Hot specialties in new food since 1872. New chef. MARK SCHAUB, lunch menu 8 Fr. 2nd including wine. Open in August. PARIS 2nd KITTY O'SHEA'S PUB Sister of the famous Dublin Pub located 50 yards from Pl. Vendôme. The French home of Irish Coffee and excellent through house. Op. 7 days. 10, r. Capucines. Tel. 46.15.08.08. PARIS 5th JOHN JAMESON The first Irish Restaurant in Paris, recommended by major guides. Business lunch FF 95 and 1 to 6 p.m. Sunday brunch. Open Monday. 10 Rue Capucines. 40.15.03.03. PARIS 5th INDRA AND VISHNOU The most exclusive Indian restaurant in Europe renowned for its cuisine, decor & hospitality. Recognized by Governmental experts internationally has been awarded prizes in Paris, Rome, New York, World. INDRA, 10, Rue de Cambrai (2e) (St-Philippe-de-Bois) Tel. 43.59.46.40. VISHNOU, 116a, Rue Vaugouy (8e) (Opéra). 42.97.56.54 & 42.97.56.46. PARIS 5th DIAPASON Refined cooking. 1988 Gault-Millau Guide (14/78). Chef's cook. Business menu FF 145. Dining menu FF 100 & more. 30 Rue de Bernadine. Tel. 43.54.21.13.

ND 50 YEARS AGO

EC Needs A Shake-Up On Mergers By Giles Merritt BRUSSELS — At first glance it seems a great year for the European Commission. Hundreds of billions of dollars have been at stake in a succession of national deals and international mergers. Gone are the days when European financiers and industrialists operated with a discretion and a respect for the public interest that has emerged from the shadow of the spotlight of public attention. Men like the Italian industrialist Carlo de Benedetti and the French chairman of Groupe Ferrer have single-handedly built an empire. At the end of the 1980s, the new continent is a land of soldiers of fortune, who have altered the mood of Europe. They combine a concern for strengthening their own positions with a concern for strengthening Europe's international position. The new mood is to be confined to Italy. In West Coast, Edouard Reuter has announced and transformed it into a ranking automaton to a 1980-year high-technology culture. The new mood is to be confined to Italy. In West Coast, Edouard Reuter has announced and transformed it into a ranking automaton to a 1980-year high-technology culture. The new mood is to be confined to Italy. In West Coast, Edouard Reuter has announced and transformed it into a ranking automaton to a 1980-year high-technology culture.

NYSE Most Actives table with columns for stock symbols, volume, high, low, and change.

Market Sales table showing volume and value for various market segments.

NYSE Index table showing high, low, close, and change for various indices.

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns for stock symbols, close, and previous day's price.

NASDAQ Index table showing close, change, and year-to-date performance.

AMEX Most Actives table with columns for stock symbols, volume, high, low, and change.

Dow Jones Bond Averages table with columns for bond types, close, and change.

NYSE Diary table with columns for date, close, and previous day's price.

Odd-Lot Trading in N.Y. table with columns for date, buy/sell volume, and price.

Dow Jones Averages table with columns for index name, high, low, close, and change.

Standard & Poor's Index table with columns for index name, high, low, close, and change.

NASDAQ Diary table with columns for stock symbols, close, and previous day's price.

AMEX Stock Index table with columns for index name, high, low, close, and change.

Tables include the noteworthiest prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices for various companies, including symbols, prices, and changes.

Stock Prices Drop in New York

NEW YORK — Prices on the New York Stock Exchange pulled back Friday for the third straight session as a better-than-expected report on the U.S. joblessness rate in June fueled concerns over the outlook for higher inflation. Trading was slow. The Dow Jones industrial average, which fell 7.47 points Thursday, fell 16.54 to close at 2,106.15. For the four-day week, the average lost 25.43 points. Declines led advances 8 to 5 among the 1,938 issues traded. Volume slowed to 136.1 million shares, down from 156.1 million traded Thursday. Stocks merely followed bonds, said Eric Rudner, manager of block trading at Mabon, Nugent & Co. "Volume was very light and there was some modest profit taking after the run we had in recent weeks. There's no cause for panic. "There was a little concern over the outlook for inflation. But the problem was more a lack of interest rather than any determined selling."

Broad-market indexes also retreated. The New York Stock Exchange composite index fell 0.81 to close at 152.81. Standard & Poor's 500-stock index dropped 1.76 to 270.02. The price of an average share lost 17 cents. Before the market opened, the Labor Department said the nation's civilian unemployment rate fell 0.3 percentage points to 5.3 percent in June, its lowest level since May 1974. The report said nonfarm payrolls jumped 346,000. "The unemployment report was obviously much stronger than expected," said Hugh Johnson, head of the investment policy committee at First Albany Corp. "The first message is that the economy was strong in June — we already had hints of that — and as a result, inflation might rise, which would not give the Fed any room to ease monetary policy," Mr. Johnson said. "The stock market's dilemma is that it faces a trade-off between higher inflation and interest rates and earnings for the second quarter that are expected to be very strong," Mr. Johnson said. "It's a tug-of-war. A standoff." "The question for the near-term is: will inflation and higher interest rates offset the good earnings and prevent further gains in the market," he said. "My guess is that earnings will win in the near-term. "I believe we can see 2,200-2,250 over the near-term. And I give the edge to earnings because if there are going to be any surprises, they will be on the upside with earnings even better than expected." Burlington Resources was the most active issue, unchanged at 25 1/4. USG (when issued) followed up 1/4 to 7 1/4. Teneco was third, gaining 1/4 to 48 1/4. AT&T was unchanged at 26 1/4. IBM fell 1/4 to 126 1/4. Sun Co. jumped 4 1/4 to 60 1/4, following news of a restructuring. Among the blue chips, General Electric was down 1/4 to 43 1/4, Boeing was off 1/4 to 58 1/4, Eastman Kodak was down 3/4 to 44 1/4 and Sears was unchanged at 36 1/4.

Table of stock prices for various companies, including symbols, prices, and changes.

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Table of stock prices for various companies, including symbols, prices, and changes.

Soviet Reso An Invento

NEW YORK — from last week for his proposal and political system and the painful system. The economic structure "too-intensive" scientific plans for increasing national there has been no noticeable the supply of foodstuffs the country's goods, the people demands for services are being met and the housing shortage remains "acute." What those criticisms go to the picture of a system suffering on the supply from central planning, reactivity and monopoly, on the demand side from excess of purchasing power market in which suppliers the demands of buyers. But it is not easier for deficiencies in supply than inefficient businesses afford, whatever the cost in management" typical of the overhauling the ministries in agriculture, it said. "state farms should be by a diversity of new cooper framework of farm cooper However, the proposed appear to go far as to have also been more willing incentives to industry.

IN A 10-YEAR CUR... Dwigth H. Perkins of the Chinese sources retain the main source of the money allocated in detail. In China, the Soviet pursuit of profits does not driven by market as opp Perkins observed. Another key issue is with the state always prepares the mind of managers the fear of failing. Communist politicians a growth of markets will Gorbachev's reconstruction existing Soviet bureaucrats or covally. But here Mr. Gorbachev leader Deng Xiaoping, to the power of the existing It is all this farewell to Mr. Gorbachev's pudding g digesting.

Table with columns for currency, D-Mark, and other financial data.

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كندا والكويت

AMEX Most Active, AMEX Stock Index, and various market data tables.

Triumphs in TV technology... SAMSUNG Electronics. Includes an image of a television set.

look no further than Samsung SAMSUNG Electronics Page 9

ECONOMIC SCENE Soviet Resolutions Equal An Inventory of Failures

By LEONARD SILK New York Times Service NEW YORK — Mikhail S. Gorbachev gained support from last week's conference of the Communist Party...

The economic structure, one resolution charged, remains "cost-intensive," scientific and technological progress is slow...

What those criticisms add up to is the picture of a system suffering from the supply side from central planning, bureaucracy and monopoly...

But it is a lot easier for Communist officials to focus on the deficiencies of supply than to curb excess demand...

In agriculture, it said, "Any attempts to command collective and state farms should be stopped immediately..."

However, the proposed changes in Soviet agriculture do not appear to go as far as those already taken in China...

In a 10-year review of China's economic progress, published in the current Journal of Economic Literature...

But in China, the Soviet Union and all communist societies, the pursuit of profits does not necessarily prove that enterprises are driven by market as opposed to bureaucratic forces...

Another key issue is whether enterprises have "soft budgets," with the state always prepared to bail them out...

Communist politicians and bureaucrats correctly fear that the growth of markets will undermine their power...

But here Mr. Gorbachev is ready to go further than China's leader, Deng Xiaoping, to change the political system to weaken the power of the existing hierarchy...

Market Reform Cleared

Steps Would Link 2 U.S. Exchanges

By Kurt Eichenwald New York Times Service NEW YORK — In an effort to reduce the chances of a market collapse like last October's...

The action, one in a series of steps announced on Thursday by the two boards to restore investor confidence...

Exchange officials, market professionals, and government spokesmen hailed the proposals as the first major step in acknowledging that the various financial markets are linked and that coordination is necessary...

"It's truly an exciting day," said Leo Melamed, chairman of the executive committee of the Chicago Mercantile Exchange...

On the Chicago exchange, futures contracts on the Standard & Poor's 500-stock index are traded. These contracts, similar to the commodity futures also traded on the exchange...

The proposals must be approved by the two exchanges' regulatory agencies, the Securities and Exchange Commission and the Commodity Futures Trading Commission...

"We are very pleased by the signs of cooperation between New York and Chicago," said Richard Ketchum, director of the division of market regulation for the SEC...

Market experts—including those who were on the Presidential Task Force on Market Mechanisms, known as the Brady Commission—have said that a factor contributing to the October collapse was a breakdown between the markets in Chicago and New York...

The New York Stock Exchange also announced on Thursday that, in hopes of raising the confidence of small investors, it would implement an "express line" for individual customer orders...

Most of the decline can be accounted for in the U.S.-Japan relationship," said Hideo Iwaki, economist at the Nomura Research Institute...

Economists' forecasts for the unadjusted customs-cleared surplus ranged from \$4.6 billion in \$6.4 billion. The average of the predictions was \$5.35 billion...

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The Transrapid high-speed magnetic levitation train on the test track at Lathen, West Germany.

West Germany Tries the Fast Track

But Development of Magnet Train Is Beset by Problems

LATHEN, West Germany — Hoping to win a big U.S. order, West Germany is trying to beat Japan in a high-technology race to produce the world's first high-speed magnetic levitation train...

The train would use magnets to propel it above a steel track at up to 310 mph (500 kph). The immediate prize would be a contract to link Las Vegas and Los Angeles...

"It's truly an exciting day," said Leo Melamed, chairman of the executive committee of the Chicago Mercantile Exchange. "This is the first time we are seeing true, major cross-market reforms stemming from the events of October."

On the Chicago exchange, futures contracts on the Standard & Poor's 500-stock index are traded. These contracts, similar to the commodity futures also traded on the exchange...

The proposals must be approved by the two exchanges' regulatory agencies, the Securities and Exchange Commission and the Commodity Futures Trading Commission...

"We are very pleased by the signs of cooperation between New York and Chicago," said Richard Ketchum, director of the division of market regulation for the SEC...

Market experts—including those who were on the Presidential Task Force on Market Mechanisms, known as the Brady Commission—have said that a factor contributing to the October collapse was a breakdown between the markets in Chicago and New York...

The New York Stock Exchange also announced on Thursday that, in hopes of raising the confidence of small investors, it would implement an "express line" for individual customer orders...

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Transport Ministry, which controls the Federal Railway System, released a list of problems with the project, and ministry officials privately question the accuracy of the financial projections for developing the system.

The technical problems that remain to be solved are considerable, and they cast doubt on the contention that the West German version of the high-speed magnet train is years ahead of that of Japan...

The ministry's list pointed out that the magnet train can operate continuously for only 20 minutes at a time and must then be shut down to allow its motors to cool for 10 minutes...

The Research and Technology Ministry also has not tested the effects of rust, corrosion or dirt on the roadbed or the train's magnetic pickups.

Researchers also say that the hopes of Asian interest in the project, notably in Taiwan and South Korea, are dimming.

Stepping off the prototype at the stretch of test track at Lathen, near the border with the Netherlands, Martin Bangemann, the West German economics minister, recently expressed confidence in the prospects for the project.

But the deficiencies in what Mr. Bangemann sees as well-developed technology have brought sharp criticism from private experts, as well as other members of Chancellor Helmut Kohl's administration.

In addition, there is the problem of financing. The project has not been funded and there is little chance that it will be because little money for mass transportation exists in the United States.

In early June, the German Transport Ministry, which controls the Federal Railway System, released a list of problems with the project...

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The ministry's list pointed out that the magnet train can operate continuously for only 20 minutes at a time and must then be shut down to allow its motors to cool for 10 minutes...

The Research and Technology Ministry also has not tested the effects of rust, corrosion or dirt on the roadbed or the train's magnetic pickups.

Guinness Sets Share Exchange With LVMH

By Jacques Necher Special to the Herald Tribune PARIS — Racked by reports of a family feud, France's largest luxury goods company, LVMH Moët-Hennessy Louis Vuitton...

LVMH said it would acquire a 10 percent stake in Guinness by subscribing to new reserved shares. LVMH was formed last year when Louis Vuitton, the leather goods concern, merged with the champagne and cognac maker Moët-Hennessy.

Guinness and Agache, meanwhile, have formed a joint venture that has purchased 24 percent of LVMH, with Agache having a 60 percent share in that venture.

The pact, sources said, would protect LVMH against a hostile takeover bid, should the situation arise.

They said it also represents a compromise that patches over a boardroom conflict between Alain Chevalier, chairman, and Henry Racamier, executive vice president. Mr. Chevalier was previously the head of Moët-Hennessy, and Mr. Racamier was the head of Louis Vuitton.

Analysts said it would also put Agache in a better position to expand eventually its holdings in the perfume business. Agache has sought to purchase the Dior perfume line from LVMH.

"You could say LVMH is buying itself a white knight with Guinness," said a source familiar with the accord.

By joining with Agache, which reportedly began buying LVMH stock a few months ago, Guinness also is protecting its commercial ties to LVMH. Last year, Guinness entered into a joint distribution pact with Moët-Hennessy...

Grand Metropolitan PLC, the British food and beverage group that failed in a bidding contest for the Marcell cognac house earlier this year, is viewed as a potential threat to LVMH.

Analysts said terms of the accord showed that Guinness has the upper hand. The agreement calls for LVMH to pay £390.6 million (\$670.9 million), or 430 pence a share, for the 10 percent stake...

Guinness shareholders soared on the announcement Friday, rising 23 pence on the London Stock Exchange to 346 pence.

LVMH said the cross shareholding would "reinforce" the links between the two groups and "will give them the stability necessary for their development."

From the other side, Agache and Guinness acquired their stake in LVMH at a discount from its current market price. Guinness said the 24 percent stake, which also involves warrants, cost an average 2,750 francs (\$431) a share.

Loss of Oil Rig Will Hit Occidental Earnings, Analysts Say

LOS ANGELES — Occidental Petroleum Corp.'s earnings could be trimmed by as much as 30 cents a share over the next year due to the explosion at its Piper Alpha oil platform in the North Sea, U.S. oil industry analysts said.

The big economic impact on Oxy is going to be postponed earnings from that Piper production," said Lincoln Warden, an analyst with Thomson McKinnon Securities.

"For Oxy, you might be talking about an annual impact of deferred earnings of 20 to 30 cents a share," Mr. Warden said.

"It's serious," said George Gaspar, an analyst with Robert W. Baird & Co. "This platform represents two-thirds of Occidental's North Sea production per day," he noted.

The explosions and fire late Wednesday at the Piper Alpha rig, 193 kilometers (120 miles) off the east coast of Scotland, shut down the important field, which had a daily output of about 125,000 barrels.

The company's net oil production from the Piper Alpha platform was 53,400 barrels per day.

"Occidental lost 15 percent of its oil production," said Richard Pzena, an oil analyst with Sanford C. Bernstein & Co.

Occidental said five other fields, two operated by Occidental and the others by Texaco Inc., were shut down as a precaution. Nearly 300,000 barrels a day of crude oil production, or 12 percent of Britain's oil output, was halted by the blast.

Mr. Gaspar said the lost production could cut Occidental's revenues by \$900,000 a day, or \$27 million a month.

"It's going to have a significant impact on their earnings stream," Mr. Gaspar said.

Occidental said it had adequate insurance to handle the accident. Analysts have said the Piper Alpha loss and the related closures could cost insurers as much as \$1 billion.

In 1987, Occidental posted earnings of \$1.06 per share on net income of \$240 million. The company pays a quarterly dividend of 62.5 cents per common share.

Analysts said the effect on Occidental's earnings would be limited by its diversification into other areas. Mr. Warden pointed out that Occidental is more dominated by chemical production now than by oil production.

"This is probably the worst disaster in the North Sea," he said, but added that the oil-production element "is still a small part of Oxy." He estimated Occidental's net oil production from Piper at about 17 million to 18 million barrels per year, out of a worldwide total of 125 million barrels.

Nevertheless, some analysts said the loss in earnings could total over \$60 million for the year.

Occidental's share price was off 12.5 cents at \$26.125 in midday trading on the New York Stock Exchange on Friday. On Thursday the stock fell 62.5 cents in reaction to the accident.

Lower Japanese Trade Surplus Seen

TOKYO — Japan's June trade surplus, due to be announced Tuesday, is likely to show a significant fall from the \$6.6 billion surplus of a year earlier, economists said Friday.

"Most of the decline can be accounted for in the U.S.-Japan relationship," said Hideo Iwaki, economist at the Nomura Research Institute...

Economists' forecasts for the unadjusted customs-cleared surplus ranged from \$4.6 billion in \$6.4 billion. The average of the predictions was \$5.35 billion...

A pickup in U.S. imports, including grains, machinery, food and lumber, and an accelerated influx of oil ahead of an Aug. 1 rise in oil import taxes, are likely to see imports grow at a healthy rate over exports in June...

The general trend of increasing imports will continue," said Susumu Taketomi, senior economist and deputy general manager of the Industrial Bank of Japan...

A decline in the overall Japanese surplus in June would be the 14th straight monthly year-to-year drop, economists said.

Mr. Morgan said he expected June Japanese auto exports to be down 15 percent from June 1987 levels.

Overall, Mr. Morgan said he saw the Japanese surplus with the United States falling to around \$3.2 billion in June from \$4.01 billion a year earlier.

The Japanese surplus with the European Community is not expected to show similar declines, and may even register a slight increase in June, because the yen has not appreciated against European currencies as much as it has against the dollar, economists said.

Eric Rasmussen, an economist with Jardine Fleming (Securities) Ltd. in Tokyo, said a weaker dollar has compelled many Japanese exporters to concentrate on expanding market share in Europe.

About 62 percent of Japan's surplus from January through March this year was with the United States, against 66.9 percent during the full fiscal year ended Mar. 31, said Matthew Berlow, an economist at First Chicago Scrimgeour Vickers in Tokyo.

He added that there was a bulge in auto exports in the first quarter, but this fell off in the second quarter.

Currency Rates

Table of currency rates including Cross Rates, Other Dollar Values, and Forward Rates.

Interest Rates

Table of interest rates including Eurocurrency Deposits and Key Money Rates.

Asian Dollar Deposits

Table of Asian Dollar Deposits rates.

U.S. Money Market Funds

Table of U.S. Money Market Funds performance.

Gold

Table of gold prices and market data.

CORUM advertisement featuring a watch image and text: 'Designs on time', 'Individually made with a degree of skill and care that belongs to a former time, Corum Watches carry design into the future.', 'The Romulus epitomizes this with its ultra-slim solid gold case and "Roman hours" which are hand engraved on the rim.', 'CORUM SUISSE', 'For a brochure write to Corum, 2301 La Chaux-de-Fonds, Switzerland.'

Friday's NYSE Closing

Tables include the nationwide prices and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Week High, Low, Open, Close, Change. Lists various stocks like IBM, AT&T, and others.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Week High, Low, Open, Close, Change. Lists various stocks like Ford, General Electric, and others.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Week High, Low, Open, Close, Change. Lists various stocks like McDonald's, Coca-Cola, and others.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 Week High, Low, Open, Close, Change. Lists various stocks like Amgen, Genentech, and others.

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U.S. Futures

Table with columns: Season, High, Low, Open, High, Low, Close, Change. Lists various futures contracts like Wheat, Corn, Soybeans, and others.

Currency Options

Table with columns: Philadelphia Exchange, Underlying Price, Call, Put, Last. Lists various currency options like Yen, Swiss Franc, and others.

Food

Table with columns: Season, High, Low, Open, High, Low, Close, Change. Lists various food futures contracts like Coffee, Orange Juice, and others.

Metals

Table with columns: Season, High, Low, Open, High, Low, Close, Change. Lists various metal futures contracts like Aluminum, Copper, and others.

Stock Indexes

Table with columns: S&P 500, NYSE, NASDAQ, etc. Lists various stock index values and changes.

Commodity Indexes

Table with columns: Commodity Name, Close, Previous. Lists various commodity index values.

Market Guide

Table with columns: Market Name, Close, Previous. Lists various market guide information.

Computerland Expected To Make Stock Offering

Computerland Inc. is expected to file for an initial public stock offering within a week, according to financial sources and industry reports.

U.S. Consumers Added May Debt At Modest Pace

WASHINGTON — Americans increased their installment borrowing at a modest annual rate of 4.6 percent in May, as growth in consumer credit slowed from the rapid expansion of earlier this year, the government said Friday.

Bond and Allied-Lyons Hold Talks on Venture

LONDON — Alan Bond, the Australian entrepreneur whose business empire includes the Castlemeane brewery, said Friday he is negotiating with Allied-Lyons PLC of Britain about a possible joint brewing operation in Europe.

U.S.-Soviet Grain Talks End Without an Accord

VIENNA — A third round of U.S.-Soviet talks on a new multibillion-dollar grain pact ended Friday without agreement, but officials said they hoped an accord could be reached before the current agreement expires Sept. 30.

Paris Commodities

Table with columns: Commodity Name, Price, Change. Lists various Paris commodity prices.

London Metals

Table with columns: Metal Name, Price, Change. Lists various London metal prices.

S&P 100 Index Options

Table with columns: Option Name, Price, Change. Lists various S&P 100 index option prices.

Dividends

Table with columns: Company Name, Dividend Amount, Date. Lists various dividend payments.

DM Futures

Table with columns: Contract Name, Price, Change. Lists various DM futures prices.

London Commodities

Table with columns: Commodity Name, Price, Change. Lists various London commodity prices.

U.S. Treasuries

Table with columns: Treasury Name, Yield, Price. Lists various U.S. Treasury bond yields and prices.

Spot Commodities

Table with columns: Commodity Name, Price, Change. Lists various spot commodity prices.

DM Futures

Table with columns: Contract Name, Price, Change. Lists various DM futures prices.

Vertical advertisements on the right edge of the page, including 'Drexel S...', 'Airbus Seeking Further Sales In East Europe', 'Escorts & Guides', 'Hera Busin...', and 'DM Futures Options'.

BUSINESS ROUNDUP

Drexel Said to Brace for SEC Action

By Anise C. Wallace

New York Times Service
NEW YORK — Drexel Burnham Lambert Inc. is stepping up its efforts to brace employees and customers for the likelihood that it faces impending charges of securities law violations, according to several customers of the investment firm.

One institutional money manager was told by a Drexel salesman Wednesday that charges might be brought within 24 hours. When no charges were made Thursday, the money manager said, the salesman then said that Drexel was unsure when they might be brought.

Legal sources were reported several weeks ago to have said that the SEC had completed its investigation and was waiting for the Justice Department to file criminal charges. A spokeswoman for the Justice Department office declined to comment.

Airline Complaints in U.S. Dropped Sharply in June

Los Angeles Times Service

WASHINGTON — U.S. consumer complaints to the government about overbooked flights, mishandled baggage and other air travel inconveniences dropped sharply last month, continuing a trend that has seen complaints plummet 70 percent over the past year, the Department of Transportation said Thursday.

TRAIN: Bonn Finds Obstacles Along the Fast Track

(Continued from first finance page)

question of what will happen when two trains running in opposite directions pass each other at high speed has not been addressed. One expert said there was a possibility that the force of the air pressure generated by two trains passing at a combined 600 mph could cause the trains' windows to implode.

TGV, which is another rival. The French conventional train would need 2 hours, 10 minutes for the journey, nearly an hour slower than the Transrapid.

Airbus Seeking Further Sales In East Europe

Reuters

MUNICH — Western Europe's Airbus consortium said on Friday it is talking to two or three East European airlines that might want to follow East Germany's recent example and buy its airplanes.

West German Banks Move to Join Swiss Bond Syndicate

Reuters

FRANKFURT — West Germany's big banks are discreetly jockeying for membership in Switzerland's exclusive "Big Syndicate," which underwrites about 70 percent of foreign bonds issued in that country, bankers said.

"You have to go through thick and thin with the syndicate. And you can't just go out on your own initiative and do a deal," a senior investment banker at a West German bank said.

In November, Swiss banks loosened the rules by making it easier for members to decline participation in issues, letting all members lead issues and increasing quotas to temporary members.

Deutsche Bank AG, Dresdner Bank AG and Commerzbank AG — are most likely to join, bankers said.

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U.S. Jobless Rate Drops to 14-Year Low
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1938: Zeppelin... BERLIN — The first German airship was built in 1900... after that they were used for military purposes.

YOUNG AND RUBICAM

BERLIN — The first German airship was built in 1900... after that they were used for military purposes.

CURRENCY MARKETS

Dollar Surges Despite Intervention

NEW YORK — The dollar surged to a nine-month high above 1.84 Deutsche marks on Friday, after a surprisingly strong U.S. employment report raised expectations that the Federal Reserve would munge American interest rates higher.

The dollar's surge came despite repeated intervention by the U.S. and West German central banks. While its strength in the face of official selling surprised some dealers, others saw the Fed and Bundesbank moves to prop the mark as little more than a show of solidarity.

Robert White of First Interstate Bank said: "Either the Fed underestimated demand for dollars in the market and didn't spend enough to prop it, or maybe they didn't want to spend enough money to stop it."

Said another dealer: "This kind of half-hearted Fed intervention does more harm than good because it fosters the impression that dollar demand is stronger than it really is."

The dollar rose to 1.8415 DM at the close of Thursday's 1.8230 and jumped to 1.8323 yen from 1.8245. It moved up to 1.5308 Swiss francs from 1.5160 and to 6.1935 French francs from 6.1345. The pound slipped to \$1.7000 from Thursday's 1.7120.

The main factor behind the dollar's strength was an unexpected sharp drop in unemployment in the United States in June. Dealers expect U.S. interest rates will rise to dampen the risk of inflation if a tight job market pushes wages up.

"Next week we could probably see a testing of higher levels for the dollar. The tone is very bullish," said Terri Reid, an investment officer at Harris Bank in Chicago.

The Federal Reserve sold dollars as the U.S. currency approached 1.84 DM, its highest level since early October. The dollar regained that point later in the afternoon

London Dollar Rates

Table with columns: Currency, Rate, Change. Includes Deutsche mark, Swiss franc, French franc, etc.

considering raising interest rates, dealers noted. It closed at 134.15 yen last Friday, a seven-month high.

Dealers said they expected the dollar to remain well underpinned until the U.S. trade report for May, due next Friday. "But nobody is going to take a very firm view until then," said one.

The pound was pulled down by the dollar's strength on its trade-weighted index, falling to 75.2 from 75.4, but it rose to 3.1268 DM from 3.1173. Dealers noted that the British currency remained underpinned by attractive interest rate differentials resulting from the recent rise in British base rates.

However, the Far Eastern bank dealer said immediate pressures for higher British interest rates have gone, and this, added to worries that the North Sea disaster and the resulting loss of oil production could add to the British trade deficit, should offset the high yields.

On Thursday, Finance Minister Pierre Bérégovoy said France had room to cut interest rates. He cited the difference between the real interest rate in France, which he said was 4.5 percent, and that of West Germany, which he said was 2.5 percent.

On Friday in New York, the won was quoted at 724.75 to the dollar, unchanged from Thursday.

South Korea exports grew by an estimated 26.8 percent in the first half of this year over the same 1987 period, but the rate was expected to slow to about 14 percent in the second half of this year.

The spokesman attributed the slowdown to the continued rise in the won and to a sudden increase in labor costs. A series of strikes and other nationwide labor disputes this year persuaded about 1,000 local companies to promise double-digit wage increases.

Economic planners predicted that labor costs will rise by 19 to 20 percent in 1988, compared with 10.1 percent last year.

They forecast gross national product growth of an inflation-adjusted 9.8 percent for 1988, down from a brisk first half performance, down from an estimated 12 percent in 1987.

An Economic Planning Board report said South Korea's trade surplus was expected to fall to about \$2.5 billion in the second half of 1988 from an estimated \$5 billion in the first half.

France Cuts Key Interest Rate to 6.75%

PARIS — The Bank of France said it cut its key intervention rate by a half point to 6.75 percent at a money market securities repurchase tender on Friday.

But it added that the seven-day repurchase rate would remain unchanged at 7.5 percent. The intervention rate is the rate at which it allocates money market liquidity through securities repurchase agreements, and it tends to set the trend for domestic interest rates.

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U.S. Bond Prices Fall on Employment Report

NEW YORK — Prices of U.S. bonds were lower Friday after a surprisingly strong employment report fostered a belief in the markets that the Federal Reserve might be on the verge of tightening policy.

The short end of the market was particularly vulnerable. It was given an additional kick after the Federal Reserve System supplied temporary reserves with customer repurchase agreements.

Paradoxically, the long bond drew some support from a strong dollar. But its yield, which moves inversely to its price and is often an indicator of interest rate trends, closed at 9.10 percent, compared with 9.01 percent on Thursday.

The bond's price fell throughout the day to end at 100 7/32 on news of an increase of 346,000 in U.S. nonfarm payrolls for June. That followed a gain of 211,000 in May. The U.S. unemployment rate slipped to 5.3 percent from 5.6 percent.

Economists had expected an increase of 230,000 in payrolls and a 5.5 percent civilian jobless rate. "The employment numbers were a lot stronger than we'd expected," a trader said. "The secondary impact was that people began talking about a discount rate increase."

With the economy that strong, and given the market's existing inflation jitters, traders speculated that the Fed would restrict credit once again.

Bill rates rose in response. The three-month issue was up 11 basis points at 6.66 percent, while the six-month bill rose 20 points to 6.98 percent.

Some economists found steady hourly wages an encouraging signal about wage inflation. Average hourly earnings were unchanged in June and economists had expected a big increase.

"The overall earnings index has risen less than 3 percent in the first six months of the year, while the index of manufacturing wages has gone up 2.2 percent," said David Kestler of Nomura Securities International Inc. "I don't find that particularly inflationary."

But generally, analysts said the employment figures showed an economy that is performing strongly. Last Friday's release of the minutes of the Federal Open Market Committee's May 17 meeting showed that the Fed was leaning toward tighter policy.

The Fed added temporary reserves with \$3 billion of customer repurchase agreements when federal funds, the interest on overnight loans between banks, were at 7 9/16 percent. It was the first time the central bank had set a \$3 billion repurchase Sept. 28.

Some observers said that, if the Fed's requirement was that large, it could have executed more aggressive system repurchases.

"If they did \$3 billion worth, there was enough of an add to do to systems. But they avoided it," said Joseph Liro of S.G. Warburg Securities Inc.

JOBS: U.S. Unemployment Rate Fell to 5.3% in June

(Continued from Page 1) Norman Robertson, the chief economist, shared Mr. Jasinowski's view about the pace of economic growth and some of his concern about prices.

"One can only be just totally impressed with the strength and resilience of this economy," he said. "The magnitude of these gains in employment is more typical of what one would expect when an economic expansion is just beginning, not when it has lasted for almost six years."

He added, "I am worried about inflation. When you see this sort of strength and growth, there is the clear and present danger of economic overheating. But, having said that, I'm impressed with the lack of overheating at the current

time because wage increases are still in the 3 percent range—extraordinarily modest."

As part of Friday's report, the department said its hourly earnings index fell 0.1 percent last month but was up 3.2 percent from June 1987.

The unemployment rate for adult men returned to its April level of 4.6 percent after rising to 4.9 percent in May. The rate for adult women was unchanged last month at 4.9 percent.

Unemployment among whites declined from 4.7 percent to 4.5 percent and that for blacks from 12.4 percent to 11.5 percent. The rate for persons of Hispanic origin remained at 9 percent.

Seoul Plans to Limit Appreciation of Won

SEOUL — South Korea plans to limit the appreciation of the won later this year because the economy appears to be slowing, government economic planners said on Friday.

Under pressure from the United States and other trading partners to reduce its trade surplus or face trade sanctions, Seoul has allowed its currency to rise almost 9 percent against the dollar this year. It rose 8.7 percent in all of 1987.

"But the export-led economy has shown signs of slowing," an Economic Planning Board spokesman said Thursday.

"We cannot continue to revalue the won at as quick a pace as we have done so far when we envisage a sharp fall in the growth of exports and a considerable increase of imports," he said.

"We will carefully watch various factors before deciding the scale of the appreciation," the spokesman added.

On Friday in New York, the won was quoted at 724.75 to the dollar, unchanged from Thursday.

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Tokyo Adds Bond Contract

Agence France-Press TOKYO — The Tokyo Stock Exchange began futures trading in 20-year Japanese government bonds Friday.

Dealers said there was little activity due to a shortage of long-term bonds traded in the cash market. Volume was 1.131 trillion yen (\$8.5 billion) in the morning session, compared with half-day volume of 1.64 trillion yen when 10-year bond futures began trading in October 1985.

The contract for September delivery began at a price of 106.11 and a yield of 5.378 percent. Selling by securities firms sent the price down to 105.18 and the yield up to 5.458 percent at the end of the morning session. Government entities, securities firms and banks are major holders of the 20-year bonds.

Friday's OTC Prices. MASDAQ prices of 4 am, New York time. Most listed securities in terms of dollar value.

Table of OTC prices for various stocks, including AAPL, AMZN, and others.

Table of stock prices for various companies, including IBM, GE, and others.

Table of stock prices for various companies, including Ford, GM, and others.

Table of stock prices for various companies, including AT&T, Bell, and others.

Table of stock prices for various companies, including Exxon, Mobil, and others.

Table of stock prices for various companies, including Coca-Cola, Pepsi, and others.

Table of stock prices for various companies, including McDonald's, Burger King, and others.

Table of stock prices for various companies, including Nike, Adidas, and others.

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Banker Picked to Lead London Stock Exchange

LONDON — A banker, Andrew Hugh Smith, was chosen Friday to be the new president of the London Stock Exchange, replacing Sir Nicholas Goodison, market sources said.

The future president is vice president of the Australia & New Zealand Banking Group. The appointment is subject to approval next November by the new Stock Exchange Council, to be elected in October.

Science

IN THE IMIT EVERY THURSDAY. A FULL PAGE ON RECENT DISCOVERIES IN SCIENCE AND MEDICINE.

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26 Famed observatory
27 Field marshal who had something up his sleeve
29 Ibsen character
30 Heavyweight champion: 1934-35
32 Melville work
33 Nobles
38 "—quam videre" (N.C. motto)
40 Impertinent
44 Relative of D.S.O.
45 Rhythmic cadence

ACROSS

46 More Machiavellian
47 Rational
48 Red-ink item
50 Operatic toast of two continents
52 "Judith" composer
53 Lamb who had a Mary
54 Heraldic wreath
55 A memorable Neilson
56 Troop's "Ayalas"
57 Dandies (term)
59 Uncle — of early TV
60 Their wood is used for bridges
61 Rubber trees
62 Loves to fondly
63 Gush
64 Human beings, I.F.K.
68 Lunch-counter features
72 Baal and Saphnet
73 "La Plume de ma —"
74 Cartel formed in 1960
75 Brand or trademark

ACROSS

76 Abound
77 His signature led all the rest
79 Mata follower
80 Relative of bye-bye
81 Eaglewood
82 Thine, in AIX
83 Chemical ending
84 Croat, e.g.
85 Kin of a strada
86 Painted a sign over
90 A.A. Fair's real first name
92 London domicile
94 Bird of prey
95 She saw a ray of hope in the dark
99 Cave in
103 Rescuer
104 Staunch defender, contender and bitter-ender
108 Winkles out hours
109 "—bin ein Berliner": I.F.K.
110 Auricular
111 More
112 British informers
113 Upsilon predecessor
114 Pant
115 Ala. city

Eponyms By Kay Sullivan

A 12x12 grid crossword puzzle with numbers 1-12 and 13-24.

PEANUTS

BLONDIE

BEEBLE BAILEY

ANDY CAPP

WIZARD OF ID

GARFIELD

Series of comic strips featuring characters like Peanuts, Blondie, Beetle Bailey, Andy Capp, Wizard of Id, and Garfield.

DOWN

1 Paleozoic, e.g.
2 Approach of a sort
3 Inking
4 Memorable diva
5 Melodious
6 Indian chief
7 N.E. is one
8 Nothing
9 — volente
10 Mail
11 Soothsayer
12 Wrangle
13 Erysm of spaghetti
14 First fast-food fancier

DOWN

15 Recorded proceedings
16 Now partner
17 Above, poetically
21 "I Am —"
23 TV sitcom
24 Comedian
25 Olsen
26 "— any other name
29 Ball star
31 Once powerful republic of NW Italy
33 Punted

DOWN

34 Mezzo role in "Don Carlos"
35 Varnish ingredient
36 An anagram for alters
37 Mushroom features
38 Optic
39 Smooth and lusty
40 "— of troubles": Erasmus
41 Shucks
42 Shows approval

DOWN

49 He made his mark by not making his mark
50 Canonical hours
51 Ethiopian province
56 Hardy villain
58 Early car pioneer
59 Estuaries
60 "— of troubles": Erasmus
62 Sierra Nevada pass

DOWN

63 Money in coin
64 Bollards
65 Perfect
66 Gabriele D'Annunzio, e.g.
67 Western lake — resort
68 Bobbin
69 "— of yon gray head"
70 Actor Greene
71 Played the mole
73 Early invader of Mexico

DOWN

74 Double quartet
77 Turkeys
78 Ancient Japanese capital
87 Cal. or Georgia
88 "She — on it so light": Shak.
89 Last
91 Wild scenes
92 Light, triangular shawl
93 Sign of early August

DOWN

95 Goya subject
96 Maintain
97 Military group
98 Costa —
99 Sale condition
100 Letters on a Russian plane or athlete
101 Vile anagram
102 Per —
103 E.M.K. is one
105 Nautical record
106 Alma —
107 Hunter's org.

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DISCOS AND DEMOCRACY: China in the Throes of Reform
By Orville Schell. 384 pages. \$19.95. Pantheon Books Inc., 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Perry Link

ONE thing that has made China-watching so interesting — and treacherous — is that purportedly "historic" change is announced every few years. The revolution brought land to the tiller after 1949; then, with nearly equal drama, it went into collectives (1955), into larger communes (1958), back into collectives (early 1960s), and finally back to the tiller (late 1970s). Intellectuals were told, over the same decades, first to support socialism, then to speak out freely, then to criticize those who had spoken out, then to completely remold their exploit-class world views, then to "banish residual fears" and prepare to speak out again, and most recently to be cautious of "bourgeois liberalism."

Orville Schell is the only Western journalist who has written enough books on China (five, beginning in 1972), and whose viewpoint is flexible enough, to have captured "different" Chinas at several stages.

BOOKS

"Discos and Democracy," his account of 1985-87, is once again full of surprises. Schell enjoys juxtaposing images of current and earlier Chinas in order to point up ludicrous incongruities: Mao and Kennedy Fried Chicken shawing Heavensly Fence Square; Mitsubishi ads on the backs of coats to the Palace Museum. The theme of the book is that, under the reform program of Deng Xiaoping, Westernization has flooded China in unanticipated ways. Chinese worries that such a thing might happen have been around for a long time. Since the middle of the last century, Chinese leaders have held, in various ways, that China should accept what is "good" from the West (primarily technological modernization) and reject the questionable things (mostly cultural and social practices). But experience has shown that modernization kits inevitably drag their cultural caboodles with them. Schell's book focuses on two items that recently have been causing the most controversy: commercialism and pop culture ("discos") and the press for political liberalization ("democracy").

The democracy part of the book is a tour de force.

Chinese intellectuals are often chagrined that Westerners follow human rights issues in the Soviet Union with much more assiduity and indignation than they ever apply to China. This book is a fine contribution toward redressing this imbalance.

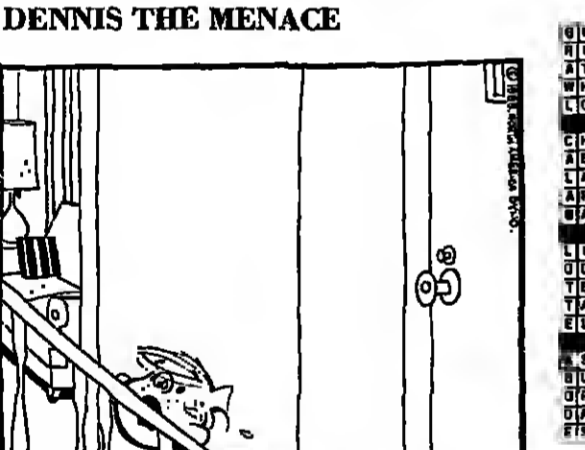
Schell's discussion of the "discos" issue is important and entertaining, but somewhat overdrawn. Most readers will share his embarrassment at all the "Western" music in China; not only disco but "rap music," "break dancing," and electric guitars atop "gyrating convulses," cosmetic nose jobs, eye jobs, leg jobs; bikini contests; body-building magazines that amount to soft porn; luxury resorts and limousines for hire; a huge international advertising sale-rama in the Great Hall of the People.

The problem is that Schell has not done enough to put it in context. First, rampant Westernization is basically limited to the cities, and especially to the urban young. As the gap closes between the West and these Chinese youths, another gap widens between them and the vast Chinese hinterland. Second, Western things called "Sinified" as they enter China. Although something called "old people's disco" is now very popular in China's public parks, no born-to-boosted American youth would recognize the neat rows, stylized gestures and baggy pants of its Chinese devotees.

Third, the contrast between Maoist times and the present is sometimes less stark if one probes beneath the surface of the Maoist years. (Thanks to the recent opening of China to the West, we now know that our image of "China" under Mao was only an idealized veneer that covered a much more complex reality.) "Old people's disco," for example, does not look too different from the collective calisthenics of the 1970s.

This is not to say that the changes of the 1980s are trivial. Schell is quite right in treating the Chinese reform program as a giant, complex and in several ways uncontrollable experiment. Who knows? This time the changes may indeed be "historic," both for China and communism.

Perry Link, professor of Chinese at the University of California, Los Angeles, wrote this for the Los Angeles Times.



Solution to Last Week's Puzzle

A crossword puzzle grid with the solutions filled in.

WEATHER

EUROPE

	HIGH	LOW		HIGH	LOW
Algeria	17	11	C	17	11
Andorra	17	11	C	17	11
Belgium	17	11	C	17	11
Denmark	17	11	C	17	11
France	17	11	C	17	11
Germany	17	11	C	17	11
Greece	17	11	C	17	11
Italy	17	11	C	17	11
Spain	17	11	C	17	11
Sweden	17	11	C	17	11
Switzerland	17	11	C	17	11
U.K.	17	11	C	17	11
U.S.S.R.	17	11	C	17	11

ASIA

	HIGH	LOW		HIGH	LOW
Beijing	26	18	F	26	18
Calcutta	31	24	F	31	24
Hankow	31	24	F	31	24
Hong Kong	31	24	F	31	24
Manila	31	24	F	31	24
New Delhi	31	24	F	31	24
Rangoon	31	24	F	31	24
Singapore	31	24	F	31	24
Tokyo	31	24	F	31	24

AFRICA

	HIGH	LOW		HIGH	LOW
Algiers	31	24	F	31	24
Cairo	31	24	F	31	24
Johannesburg	31	24	F	31	24
Lagos	31	24	F	31	24
Nairobi	31	24	F	31	24
Randburg	31	24	F	31	24
Tripoli	31	24	F	31	24

LATIN AMERICA

	HIGH	LOW		HIGH	LOW
Buenos Aires	4	19	0	4	19
Lima	21	16	F	21	16
Sao Paulo	21	16	F	21	16
Santiago	21	16	F	21	16
Washington	21	16	F	21	16

NORTH AMERICA

	HIGH	LOW		HIGH	LOW
Atlanta	24	19	F	24	19
Boston	24	19	F	24	19
Chicago	24	19	F	24	19
Denver	24	19	F	24	19
Houston	24	19	F	24	19
Los Angeles	24	19	F	24	19
London	24	19	F	24	19
New York	24	19	F	24	19
San Francisco	24	19	F	24	19
Seattle	24	19	F	24	19
Washington	24	19	F	24	19

MIDDLE EAST

	HIGH	LOW		HIGH	LOW
Amman	24	19	F	24	19
Beirut	24	19	F	24	19
Cairo	24	19	F	24	19
Damascus	24	19	F	24	19
Jerusalem	24	19	F	24	19
London	24	19	F	24	19
Paris	24	19	F	24	19
Riyadh	24	19	F	24	19
Tel Aviv	24	19	F	24	19
Tripoli	24	19	F	24	19

OCEANIA

	HIGH	LOW		HIGH	LOW
Auckland	24	19	F	24	19
Sydney	24	19	F	24	19

World Stock Markets
Via Agence France Presse Closing prices in local currencies, July 8

Market	Index	Change
Amsterdam	217	+12
Bombay	1179	+180
Buenos Aires	1179	+180
Calcutta	1179	+180
Cairo	1179	+180
Colon	1179	+180
Hong Kong	1179	+180
London	1179	+180
Lyons	1179	+180
Manila	1179	+180
Madras	1179	+180
Mexico City	1179	+180
Montevideo	1179	+180
Paris	1179	+180
Rangoon	1179	+180
Sao Paulo	1179	+180
Singapore	1179	+180
Tokyo	1179	+180
Yokohama	1179	+180

Garfield

Sydney

ANZ	4.73
Bank of NSW	4.73
Bank of Queensland	4.73
Bank of South Australia	4.73
Bank of Western Australia	4.73
Bank of Victoria	4.73
Bank of New Zealand	4.73
Bank of Ceylon	4.73
Bank of Malaya	4.73
Bank of East Africa	4.73
Bank of China	4.73
Bank of India	4.73
Bank of China (H.K.)	4.73
Bank of China (London)	4.73
Bank of China (Hong Kong)	4.73
Bank of China (Shanghai)	4.73
Bank of China (Tientsin)	4.73
Bank of China (Harbin)	4.73
Bank of China (Kobe)	4.73
Bank of China (London)	4.73
Bank of China (Hong Kong)	4.73
Bank of China (Shanghai)	4.73
Bank of China (Tientsin)	4.73
Bank of China (Harbin)	4.73
Bank of China (Kobe)	4.73

Zurich

AGF	825
AGI	825
AGL	825
AGN	825
AGO	825
AGP	825
AGQ	825
AGR	825
AGS	825
AGT	825
AGU	825
AGV	825
AGW	825
AGX	825
AGY	825
AGZ	825

Geneva

AGF	825
AGI	825
AGL	825
AGN	825
AGO	825
AGP	825
AGQ	825
AGR	825
AGS	825
AGT	825
AGU	825
AGV	825
AGW	825
AGX	825
AGY	825
AGZ	825

London

AGF	825
AGI	825
AGL	825
AGN	825
AGO	825
AGP	825
AGQ	825
AGR	825
AGS	825
AGT	825
AGU	825
AGV	825
AGW	825
AGX	825
AGY	825
AGZ	825

Stocks

AGF	825
AGI	825
AGL	825
AGN	825
AGO	825
AGP	825
AGQ	825
AGR	825
AGS	825
AGT	825
AGU	825
AGV	825
AGW	825
AGX	825
AGY	825
AGZ	825

SATURDAY'S FORECAST

Channel: Slightly rough, FRANKFURT: ...
London: ...
Paris: ...
Tokyo: ...

U.S. Olympians To Keep S...

NEW YORK — The director of the U.S. Olympic Foundation has announced that he has voted against the proposal to have future investment American companies that do business in South Africa.

The vote, taken last Thursday, was 11-10 against the proposal.

The proposal would have allowed investment in companies that do business in South Africa to remain as invested.

The U.S. Olympic Foundation is a 501(c)(3) nonprofit organization that was established in 1972. Its primary purpose is to support the Olympic Games in the United States.

The foundation's investment policy is to invest in companies that do business in the United States and other countries.

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Time

By Samuel Abt

ASQUEHAL, France
lives in the T
lavanin in the
Friday as a time trial
just belt of the French
and the outlines of the h

With less than a week to
the bicycle race, the strong
mountains, the strong
Herren and Fabrice Par
marians, Raul Alcalá,
and Pedro Delgado, a
will be splendid climber
far better than expected
at the time trial. If they
go to fall behind in the
time trials, how are t
cyclists going to build
before the mountains?

SETTING SAIL FOR L...
a race in the fifth annual
Thursday, Gary Jobson of
the lead with a perfect 3-

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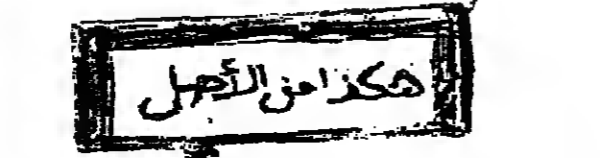
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SPORTS

Time Trial Sorts Out Early Tour Favorites

By Samuel Abt International Herald Tribune

WASQUEHAL, France — The early favorites in the Tour de France began sorting themselves out Friday as a time trial through the rugged terrain of the Haut Jura yielded the outlines of the battle to come.

With less than a week to go before the bicycle race reaches the high mountains, the strong men are Luis Herrera and Fabio Parra, both Colombians, Raul Alcalá, a Mexican, and Pedro Delgado, a Spaniard.

That question should be uppermost in the minds of Jean-François Bernard and Sean Kelly. Neither finished far back Friday — Bernard was ninth in the 194-man race. But he beat the climbers by less than a minute, and he and Kelly failed to open the sort of lead they will need when the race arrives in the Alps on Wednesday.

The winner of the 52-kilometer (32-mile) race from Livign to Wasquehal was Sean Yates, an Englishman with the Fagor team, in one hour, 3 minutes, 22 seconds. Roberto Visentini, an Italian with Carrera, was second, 14 seconds behind.

None of the above are threats in the mountains and their Tour de France is likely to end soon. Another rider in that category, to judge by the results Friday, is Laurent Fignon, a Frenchman who was once the golden boy of bicycling. His race against the clock showed that he will not be winning his third Tour de France this year.

The hour of truth for the French newspapers called the time trial Friday, and for Fignon the trip through barren coal mining territory lasted just a little longer — 5 minutes, 27 seconds to be exact.

By most measures that does not seem to be much. But the way the world's greatest bicycle race reckons time, Fignon's clocking was more than enough to end his chances. He finished far down the list of early favorites and leads nobody of note.

In addition, the French star confirmed speculation that his right knee has not recovered from the effects of a fall in the Midi Libre race last month.

Galarraga and Viola Lead All-Star Backups, Pitchers

NEW YORK — Andres Galarraga, the National League batting leader, was among 18 first-time NL All-Stars, and Frank Viola, Minnesota's pitching ace, was one of five Twins named to the American League team on Thursday when pitchers and reserves were picked for the All-Star Game.

David Cone of New York, Mark Davis of San Diego, Kevin Gross of Philadelphia, Danny Jackson of Cincinnati, Greg Maddux of Chicago and Todd Worrel of St. Louis. They join Dwight Gooden of New York, Orel Hershiser of Los Angeles and Bob Knepper of Houston, all veteran All-Stars.

Jackson Leads Reds Over Phillies

CINCINNATI — Danny Jackson notched his 10th victory and Chris Sabo drove home two runs to lift the Cincinnati Reds to a 5-2 triumph Thursday night over the Philadelphia Phillies.

Bobby Bonilla getting off a throw from third to nail Shane Mack of San Diego at first during the Pirates' defeat of the Padres.



SETTING SAIL FOR LIBERTY — The French yacht Michelob beginning the downwind leg of a race in the fifth annual Liberty Cup regatta in New York Harbor. After the first day of racing Thursday, Gary Jobson of the United States, the winner of the event in 1985 and 1986, grabbed the lead with a perfect 3-0. The Liberty Cup is one of 10 major match-racing events in the world.

SIDELINES

Williams to Replace Brown at Kansas

LAWRENCE, Kansas (AP) — Roy Williams, an assistant basketball coach at the University of North Carolina, was named head basketball coach of the University of Kansas on Friday, replacing Larry Brown, who resigned in June after leading the Jayhawks to the National Collegiate Athletic Association title in April.

Davis Cup Tennis to Use Tiebreakers

PARIS (AP) — The International Tennis Federation has voted to adopt the tiebreaker in Davis Cup competition beginning in 1989, following the formula used in the Grand Slam tennis tournaments.

Quotable

- Jack Clark of the New York Yankees, asked who throws harder, Roger Clemens or Dwight Gooden: "Nolan Ryan." (LAT)
Detroit pitcher Walt Terrell, after getting knocked out early in a game against the New York Yankees: "I was so wild I would have walked Maunulo Bol four times." (LAT)
Mike Tyson, saying he feeds on controversy: "I'm just obsessed, I'm just chaotic. That's the way I am. It doesn't bother me, it just revolves around my lifestyle — being crazy and chaotic and everything. It doesn't bother me, it just bothers the people who I hold dear." (LAT)
Juan Benitez, who has played for eight American League teams: "I'll make a career going to old-liners' games." (LAT)

U.S. Olympic Panel Votes To Keep S. Africa Policy

NEW YORK — The directors of the U.S. Olympic Foundation, the fund-raising arm of the U.S. Olympic Committee, have voted against a measure that would have suspended future investments in American companies that do business in South Africa.

The vote, taken last Thursday, came just nine days after the International Olympic Committee affirmed its stand against apartheid and participation by South Africa in international sports.

The proposal was offered as a compromise and would have allowed approximately \$12.1 million now invested in companies with ties to South Africa to remain in place. That figure represents about 8 percent of the foundation's portfolio, which was valued at \$155.8 million on June 30.

SCOREBOARD

Table with columns for Baseball (American League, National League), Major League Leaders, and Cycling (Tour de France). Includes team names, scores, and rider names with times.

TRANSITION

Table listing various sports transitions, including American League, National League, and College basketball coaching changes.

DATE

Text providing dates and details for various events, including the World Cup of Hockey and the World Cup of Figure Skating.

CYCLING

Tour de France
Sixth Stage
From Livign to Wasquehal (32 kilometers/20 miles)
1. Sean Yates, Britain, 1 hour, 3 minutes, 22 seconds.
2. Roberto Visentini, Italy, 14 seconds behind.

Advertisement for Longines watches, featuring a large image of a watch and text: 'You have a date with Longines Precision LONGINES Official Timekeeper Formula 1 Grand Prix racing and of the Ferrari racing team'.

